

THE REDEVELOPMENT COMMISSION OF THE CITY OF BLOOMINGTON, INDIANA met on Monday, November 1, 2004 at 5:00 p.m. in the Showers City Hall, McCloskey Room, 401 North Morton Street, with President David Walter presiding.

I. ROLL CALL

Commissioners Present: David Walter, John Black, Jerry Hays, John West, and Mike Gentile

Commissioner(s) Absent:

Staff Present: Susie Johnson, Bob Woolford, and Lisa Abbott

Other(s) Present: Susan Failey, Assistant City Attorney; Ron Walker, Director of Economic Development; Dave Williams, Parks and Rec; Randy Cassady, Cassady Electric; Matt Press, Neighborhood Solutions, LLC; Patrick Taylor, Schulte; Mike Wells, REI; David Ferguson, Regester Development

I. ROLL CALL

II. READING OF THE MINUTES – There were several corrections made to the September 13, 2004 minutes. The corrections were noted and will be made. Jerry Hays moved to approve the minutes as corrected. John Black seconded the motion. The minutes were unanimously approved. The October 4, 2004 minutes were not included in the packet.

III. EXAMINATION OF CLAIMS – John West asked about the claim from the Escrow account for the Harding project. Johnson explained the Rental Rehab program requires a dollar for dollar match and the owner's money is escrowed and claims are paid from that account. John West moved to approve the claims for October 8, 2004 for \$94,545.50 and October 22, 2004 for \$159,001.29. Mike Gentile seconded the motion. The claims were unanimously approved.

IV. REPORT OF OFFICERS AND COMMITTEES

Legal Report.

Susan Failey reported that she reviewed two subordination agreements, reviewed documents for an OOR loan and a DP/CC loan, and revised the CDBG funding agreement with Abilities Unlimited for the HMAL program. She also reviewed the construction loan documents for the duplex SCCAP is going to build on W. 14th Street.

John Black asked if the duplex being built is for sale or if they are planning rent it. Johnson said it will be rented to two families one at 50% median area income and one at 60%.

Failey introduced Dave Williams from Parks and Rec to give an update of the CSX project.

Williams explained that the timeline follows the receipt of a grant from the Indiana Dept of Transportation for acquisition and development of the former CSX corridor. In 2002 they began the creation of a master plan for the entire site. He had a map detailing the detailing the route of the project running through the heart of downtown and ending at Country Club. He said this grant is for the acquisition of the three-mile corridor and beginning the construction of phase one of the trail. He said with the development of the downtown is increasingly important to develop not only the bike and ped facilities, but also a linear parkway through the downtown. He said the

City now has an opportunity with CSX being a willing seller and having grant support for the acquisition to move ahead with the project.

Williams said they did a comprehensive master plan utilizing Ratio Architects for development of a big picture look of the corridor, and to a lesser degree, to the switchyard. He said this involved all the appropriate departments within the City, a citizens' steering committee comprised of 20 members representing various aspects of the community, the hospital, and the Chamber. The committee met four times during 2003 to review some concept proposals and to participate in the public comment period. He said they also included in the master plan interviewing stage some stakeholders, which targeted property owners who had investments along the corridor, to determine their concerns. He said the corridor will be an arterial through town which will be an economic generator as well as a recreation facility. He said they sponsored two open houses in 2003 and had a lot of discussion about the switchyard. He said right now their focus is to acquire the three-mile corridor which will connect to the Bloomington Rail Trail. He said the switchyard is a discussion for another time when funds allow and when some issues regarding the property are cleared up.

He said they are currently working with two salvage companies who are removing tracks, ties and other related railroad equipment along the corridor. Williams said along with the timeframe which Susan Failey is coordinating working towards acquisition, they are concurrently trying to identify the first phase. When the property is ready to be developed they can construct on one of the four rail phases – Adams to Fairview, Fairview to Rogers, Rogers to the Convention Center area, Street to Grimes Lane.

He said three miles of trail corridor is estimated to cost about 4.3 million dollars to develop. The target is to develop the downtown trail section as the first phase. Williams said the downtown area will include many amenities which will make it the most expensive phase. They want to move quickly to consultant selection once the deal is set and spend 2005 for design of phase one and hopefully begin construction on the downtown phase in 2006.

Williams said the purchase of the switchyard could be happen in the future, but the grant money available now would acquire only the corridor and some sections of the switchyard. He said the community and the Parks Department have been very successful in securing transportation enhancement grants – over \$2 million to date. He said he is hopeful that if they start the ball rolling with phase one, the City will be a good competitor for future enhancement grants.

He said this is an unbelievable opportunity for the City. He noted that the City cannot build anything in the corridor that could not be removed in the event that rail service returns to Bloomington sometime in the future.

Black asked what happens to street connectivity – the state agreement says 13 grade crossings will be eliminated. Williams said only rails will be eliminated – every crossing in the corridor will be at grade crossing. None of the 13 crossings will be closed.

Hays asked if the City has right of first refusal for the switchyard. Failey said yes.

Director's Report.

Johnson said construction at 9th and Fairview is moving along at a good pace. She said the next public meeting for the Kirkwood Streetscape design is on November 9th. Johnson informed the

Commissioners that Bruce Jennings was awarded the Personal Service Award from the Council for Accessibility.

Budget Summary Report
Included in packet.

V. UNFINISHED BUSINESS

A. Regester Update. Mike Wells informed the Commissioners that they have received the commitment from their lender for the hotel project and the commitment for the franchise for a 136 room Hilton Garden Inn at the Register site. He said they are currently doing a market study to see if the community can support another 32 rooms in addition to the 136 they originally planned; lowering their cost per room if the study indicates the need. He said they are in negotiations with their contractor to build the project and are in discussions with restaurants for the 5,000 square foot restaurant to be built on the corner. They have currently received all their approvals for the smaller hotel, but are going to wait on the permit to see if they can add the extra rooms, then redo the plans. He said they do not see any problems with the lender if they decide to increase the size of the hotel -- it's just a matter getting everything put together.

Wells said they are ready to close with Ferguson this week. They are also discussing Regester Garage parking with the City to make sure enough parking is available for the hotel and restaurant guests. He said he made a proposal as to how the garage could be used more efficiently in terms of allocation of spaces and collecting fees for the garage. He hopes to get all these issues worked out. Wells said depending on the weather, they will probably get their permit in January or February and begin construction. They expect to open the hotel around February 15, 2006.

Johnson explained that both Resolutions 04-26 and 04-27 are approvals of the funding agreements for projects that went through the CDBG process last year. They have been approved by the CAC, Redevelopment Commission, the Mayor, and the City Council. She said Susan Failey has reviewed the agreements and are ready to execute the agreements.

B. RESOLUTION 04-26: Approval of Funding Agreement for Bloomington Housing Authority Air Conditioning Project at Walnut Woods.

John West moved to approve the resolution. John Black seconded the motion. Resolution 04-26 was unanimously approved. **ADOPTED.**

C. RESOLUTION 04-29: Approval of Funding Agreement with Abilities Unlimited for the Home Modification for Accessible Living (HMAL).

Black asked Johnson to give the scope of the projects. She said the HMAL projects funds individual households to modify their homes to accommodate their disability so they can stay in their home. She said the maximum amount any one project can receive is \$7,500; \$40,000 is available for this year. The amount varies from year to year.

Bob Woolford said the Housing Authority is putting air conditioning units into 65 to 70 units. He said the project is out to bid and they are ready to start the project as soon as the funding agreement is signed

John West asked if the unencumbered HMAL balance from 2003 is rolled over. Johnson said they will

spend down that amount before they start to spend the 2004 money.

Black asked if there is an inspection procedure before claims for payments are made. Johnson said there is an inspection on every claim for payment before the claim is processed.

John West moved to approve the resolutions. Jerry Hays seconded the motion. Resolution 04-29 was unanimously approved. **ADOPTED.**

VI. NEW BUSINESS

A. RESOLUTION 04-43: Approval of Contract for Design of IEC Waterline. Failey explained that this is a related contract to what the Commission approved previously with Smith Neubecker for the road design. This contract is for the design of the water line, also to be done by Smith Neubecker. Failey said she may have misstated last time in saying that the previous contract was for the design of both. The contract was correct in that it was only for the road. The contract is for \$14,600 to design the water line. She said in July Ron Walker wrote a comprehensive memo and the estimated cost then is consistent with the requested amount in this resolution.

West asked if this road bed will eventually include sewer lines. Johnson said all the buildings are currently being served by sewer. West said his experience is that road bed design includes the entire infrastructure. Walker explained that this is coming to the Commissioners in parts because the water line allows for meters on the side and the right fire suppression. Part of the water line is being constructed with the roadway being done by Best Beers. West asked if the Commission has seen all the infrastructure design required for the road. Walker said he believes so. He said improvements were not needed for the sewer lines, only for the water lines. He also said he can't say whether or not future improvements will be needed for other parts of the IEC. Walker said the budget for the water and road improvements was \$997,000, \$150,000 from the Thomson TIF which was approved by the Commission this summer. The remainder comes from CREED funds which will be partially reimbursed by assistance from the state which committed \$250,000 and Monroe County which committed \$50,000 because this road will abut their property.

Black said he is concerned that all infrastructure needed is done and that additional digging won't be required undoing what is now being proposed. Walker said his understanding is that everything proposed with this construction project is everything needed to serve these users. This project serves Best Beers, Shulte, and Cook Pharmica, the three primary tenants.

John West moved to approve the resolution. Mike Gentile seconded the motion. Resolution 04-45 was unanimously approved. **ADOPTED.**

B. RESOLUTION 04-44: Approval of Revised Agreement with INDOT for CSX. Failey explained that a year ago the Commission approved an agreement with INDOT which was very similar to the one she is bringing tonight. The agreement allows INDOT to pay the 5.4 million dollars towards land acquisition and the first phase of trail construction for the CSX project. Previously the City did not have appraisals for the land and because we need to get a phase of trail construction from the INDOT money. Now that we have preliminary appraisals we know there will not be enough out of the 5.4 million to buy the entire holdings of CSX.

The City has had discussions with INDOT to be sure that they are comfortable with the amount of land we can reasonably purchase based on its value and the environmental condition of the land. INDOT has agreed to split the land purchase into three parts – corridor, switchyard, and VRP property. This agreement puts in writing how the project will be broken into those three phases. Splitting it into three different designation numbers as the resolutions does in the first Whereas

clause is necessary for INDOT to allocate the funds to each part of the land purchase. The other difference in this agreement is to clarify that it's okay with INDOT and Federal Highway if the City uses the entire 5.4 million dollars to acquire only the first phase of land purchase and build the first phase. She said the City will still be eligible to apply for future highway funds for later phases of acquisition and construction.

Failey said the first phase consists of acquisition of the rail corridor that is being abandoned, three small fee simple parcels around Grimes Lane, and the old creosote site (the VRP property) after CSX has completed the remediation on it. Whatever is left over from that acquisition is then used to for the first phase of trail construction. She said the City wanted a commitment from INDOT and the Federal Highway allowing us to handle the purchase in this manner.

Failey said the VRP property is located just north of Country Club between the creek and the rail line – it's about eight acres. CSX has been remediating the property for about the last ten years. Hays asked if the remediation includes the creek. Failey said it goes up to the creek – it's the boundary line on the east side.

Jerry Hays moved to approve the resolution. Mike Gentile seconded the motion. Resolution 04-44 was unanimously approved. **ADOPTED.**

C. RESOLUTION 04-45: Approval of Shulte Tax Abatement in the IEC. Ron Walker explained that this is a resolution for tax abatement and since this abatement is in a TIF districts, Redevelopment Commission approval is necessary. Walker said in July Shulte will move their manufacturing and distribution facilities into one combined location in Building 4 of the former Thomson site. Shulte has been in the community since 1986 – their only U.S. manufacturing facility. He said the City and State worked together in negotiations to keep Shulte in Bloomington. This means retaining 168 current jobs as well as creating 223 new jobs which will be created over the next five years. Part of their decision to locate in Bloomington was contingent upon a proposal from the City which included a ten year tax abatement on the real estate improvements and support for a five year tax abatement on new manufacturing equipment as well as construction of the public roadway which the Commission has already approved. The State bases their proposal on what the local municipality is doing. Because of those proposals, Shulte decided to remain in Bloomington.

Walker said the real estate improvement value for the property is almost 6.2 million dollars and equipment 7.6 million dollars and creating 223 new jobs, which equates to 6.5 million dollars in annual payroll, an average per job of \$14.13 for the new jobs. Walker gave the Commissioners a spreadsheet showing the value of the abatement and taxes for Shulte on both real estate and on equipment. The packet also included a list of benefits to the employees as well as Shulte's community involvement during the last few years.

West asked the current tax billing for the property. Walker said the property is currently assessed at \$138,500. Walker then introduced Patrick Taylor from Shulte.

Black commended Taylor on their employee benefit package and asked if all the proposed employees will come under this plan and if they will all be minimum wage or above. Taylor said they will.

Hays asked if there is any connection between the job creation and the continuation of the tax abatement. Walker said every year businesses that have tax abatements are required to file a compliance with the statement of benefits with the City and State. Walker annually gives a report on the compliance forms to the City Council. He said he will probably do the report for the

Commission next year as well as the Council. Walker noted that Shulte's hiring timeline is over a five year period, so he will look each year at how they are progressing in meeting those estimates. He said sometimes there are things that can affect their compliance, which are taken in consideration. If they were deemed to be substantially out of compliance, the Council could vote to rescind their abatement.

Johnson asked what are home storage and organizational products. Taylor said their "bread and butter" line is wire shelving for closets, but they also make wood storage products, wood closets, store drawer systems for offices and a new garage storage line.

Jerry Hays moved to approve the resolution. John West seconded the motion. Resolution 04-45 was approved with West opposing. **ADOPTED.**

D. RESOLUTION 04-46: Approval to Purchase Four Lots in the Winterwood Sub-Division. Abbott explained that these are lots Housing Solutions purchased from a private developer which the Department wants to buy and build owner occupied houses. She said the Department hopes to work with Housing Solutions on the construction of the houses. Johnson said they had been looking at some lots in the same area, but purchasing these lots also helps Housing Solutions stay afloat and work towards getting back on their feet.

Black asked how we know there is a market for this housing. Abbott said they get a lot of the feedback about the need through the homebuyers' class. She also said this will about the new elementary school so she doesn't see a marketing issue. Johnson said the two houses the Department just finished were built for under \$100,000 which is her goal is her goal for these four houses. Abbott also said the Department often addresses accessibility issues with new construction.

West asked for an explanation of the connection between the purchase of the lots and Housing Solutions. Abbott said Housing Solutions own the lots; however, they have a loan of \$75,000 for the four lots. The Department will acquire the lots which will allow Housing Solutions to pay off their loan. Johnson said one of things she hopes will happen is that Housing Solutions will work with the Department on construction of one house and get back to what they need to be doing. She explained that Housing Solutions is a CHDO which allows them certain privileges with the Department one being that we can give them a lot to develop within certain parameters. The Department will work with Failey to set up an agreement where they get the lot, we spec out the house, we inspect, and we approve claims as they are inspected. Johnson said if anything occurs that prevents Housing Solutions from completing the house, the Department has the capacity to take over the project.

Hays asked how many people who go through the homebuyers classes buy houses. Abbott said she estimates approximately 25% purchase within three to six months after the class. She said they follow up with people – she estimates that about half the class is ready to buy within a year.

Jerry Hays moved to approve the resolution. Mike Gentile seconded the motion. Resolution 04-46 was unanimously approved. **ADOPTED.**

E. Bid Opening for Hillside and Henderson. Walter said there was only one bid. Woolford asked if there were any other bids. There were none. Walter said the bid for the both of parts of lots 17 and 18 in Rolling Park Addition was \$12,312.51. Woolford said the average of the appraisals for the lots was \$12,312.50. Black asked what the properties appraised for and who did the appraisals. Failey said the statute requires them to put together an offering packet that averages the two appraisals and that's the offering price. Johnson said the Department asked for an

exchange of for a lot inside the development for the partial lots. She said she is encouraging part of the development to include a low-income project that the Department would have some ownership in. She said she would like to review the offer and get back to the Commissioners with the information they requested.

F. RESOLUTION 04-47: Approval of Bid for Property at Hillside and Henderson. Black moved to table the resolution. West seconded the motion. It was unanimously approved to table Resolution 04-47.

West asked if Matt Press would like to comment. Press said his greatest concern is how tabling the resolution will affect his final plan approval on November 8, 2004. He said he is under the impression that the plan approval is contingent on the approval of the sale of the land. Press said he is making a low income development through BRI with two homes that will be moved to the site. He is also willing to talk to Johnson about the participation of the City in some of the lots, but those lots would need to be purchased. Press said his smallest lot would be close to three times the asking price and it would be hard for him to reasonably consider that option.

VII. OTHER BUSINESS/GENERAL DISCUSSION

VIII. ADJOURNMENT

It was moved and seconded to adjourn the meeting.

David Walter, President

Mike Gentile, Secretary

Date